# Spin-out Policy

## CU-RIO-POL-24.0 – V2

## Purpose

This policy outlines the University's approach to creating, approving, and managing spin-out companies that commercialise University-generated intellectual property (IP) and research outcomes.

It has been developed in the light of recommendations from the Government's Independent Review of University Spin-outs and the TenU's University Spin-out Investment Terms (USIT) Guide.

## Definitions

**AE** means Academic Excellence at Cranfield, that hosts the TTF function responsible for managing and delivering IP protection and commercialisation activities.

**Foundation date** means the date that IP is assigned/transferred from the University to the company, and the company becomes reportable as a spin-out.

**Intellectual Property (IP)** means all novel ideas, methods, inventions, protocols, operating processes or works that may be used for literary, artistic, scientific, industrial and/or commercial purposes. This includes, but is not limited to, designs, copyright, databases, software, firmware, computer hardware and related material; written, audio and/or visual materials; digital media and multimedia files, including videos, photographs, films, sound recordings; confidential information including data produced by research and experimentation.

IP rights may now or in the future subsist in any country of the world and includes without limitation:

(a) patents, utility models, supplementary protection certificates;

(b) registered and unregistered trademarks, including any trade, brand or business names and rights in get-ups(s), rights to sue for passing off or unfair competition and rights in domain names, devices and logos;

(c) registered and unregistered design rights;

(d) copyright (including in any computer software) and database rights;



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(e) rights to inventions;

(f) rights in confidential information (as described in the employment contract); and

(g) applications for registration and the right to apply for any registration of the above in any country in the world

For Cranfield, this includes the University and any associated group company.

**Know-how** means identifiable technical or practical knowledge resulting from research or experience, that is confidential and has a commercial value. It can include, but is not limited to, information, techniques and methods, experimental results, practical knowledge, copyright materials, designs, CAD, processes, algorithms and software.

**Spin-out Company** means a firm founded primarily to commercialise the IP (including ideas, information and knowledge) created by University staff, where the IP either belongs to the University under general law or under the terms of the contract of employment, or the member of staff has assigned the IP to the University to enable it to be commercialised. A firm is not reportable as a spin-out until the IP has been assigned/transferred in.

## Scope

This policy applies to all staff and students at Cranfield University, in accordance with the definition of a spin-out above.

## Policy Statement

### 1 Governance and Approval Authority

#### 1.1 Delegated Authority

- The **Innovation Committee** holds delegated authority from the **University Executive** to approve new spin-out companies in which the University takes an equity stake.
- Oversight and detailed review are carried out by the **Spin-Out Advisory Board (SOAB)**.

#### 1.2 Spin-Out Advisory Board (SOAB)

Core members are:

- Pro Vice-Chancellor (Education and Research; E&R) – Chair
- Chief Operating Officer
- Chief Finance and Commercial Officer
- Director of Academic Excellence (D-AE)
- Member of the Technology Transfer Function (TTF), part of the Knowledge Exchange team within Academic Excellence.

SOAB's primary function is:

- Approval: to review and formally approve proposals to establish new spin-out companies.
- Monitoring: to receive quarterly reports on progress and performance of existing spin-outs.

SOAB reports to the **Innovation Committee**, which in turn reports to the **University Executive**. All legal agreements follow the University's **Financial Manual** and delegated signing authorities.

## 2 Spin-out Proposal Process

### 2.1 Internal Review and Consultation

- All proposals should be preceded by submission of an Invention Disclosure Form (IDF) on the EVOLVE IP management platform. These will be evaluated by a member of the TTF who will discuss the most appropriate route to commercialisation with the academic team.
- Proposers must also consult with and gain approval from their direct line manager and relevant Head of Centre at the ideation stage.
- Proposals are reviewed by the Commercial Partnering Panel (CPP).
- The Director of Theme and Deputy Vice-Chancellor(s) should be made aware of the proposal before it is submitted to the CPP. The CPP approves submission to SOAB.

This ensures full consideration of resource needs, risks, and reputational factors.

### 2.2 Submission to SOAB

- Proposals should be structured according to a standard template that is available from the TTF.
- Academics are strongly encouraged to attend available training on the commercialisation of new technology and creating a successful business, and provide evidence for this in their proposal. Please email technologytransfer@cranfield.ac.uk should you require support with this.
- Once approved, responsibility for development transfers to a member of the Knowledge Exchange Technology Transfer Function under **D-AE** oversight.

## 3 Spin-out Formation

A summary of the process is available in *Schedule A* below.

### 3.1 Shareholding Principles and IP Licensing

In line with the government Spin-out Review recommended positions and sector practice:

- The University will take a **minority equity stake**:
  - A maximum **30%** share in IP-intensive companies, most typically 20-25%.
  - A maximum **10%** share in IP non-intensive companies.
- Remaining shares are allocated to academic founders, external founders, and an option pool via the following process:
  - Identify inventors and contributors early via the Invention Disclosure Form.
  - Agree share allocations jointly, facilitated by the TTF.
  - Obtain approval from the PVC E&R.

At **foundation**, the University will typically grant an **exclusive, royalty-free licence** to the spin-out.

In the event a variation to this is required, it will be dealt with on a case-by-case basis by SOAB.

### 3.2 Midlands Mindforge Ltd (MML)

- Midlands Mindforge is a patient capital investment company, co-founded by eight research-intensive universities in the Midlands – Aston, Birmingham, Cranfield, Keele, Leicester, Loughborough, Nottingham and Warwick - with a mission to accelerate and enhance the commercialisation of ground-breaking science and technology innovations from the eight universities and the Midlands region.
- This provides an exceptional opportunity to gain early investment in our spin-outs.
- Under the terms of the Agreement, each founding University has, therefore, appointed MML as their **preferred investment partner** and Cranfield has an obligation to bring potential investment opportunities to the attention of MML. With a minimum investment of £250,000, MML, in turn, has the right to invest, receiving either 50% of the University's equity in the spin-out or 15% of total equity shares, whichever is the lesser.
- If MML does not wish to invest, it will support the University and the company in finding alternative sources of investment.

### 3.3 Academic Time and Use of Facilities

- Prior to investment, academic founders of a spin-out company will need to spend time working on company matters. The University may provide limited financial support (e.g., through HEIF, IAA, or proof-of-concept funding) for this.
- The long-term relationship between the academic and the spin-out will form part of the business plan and should be discussed with the University in relation to the academic's career choices.
- Rates for laboratory and facility use by spin-outs will be determined in conversation with Estates, ensuring compliance with Subsidy Control.

### 3.4 Standard Documentation

All companies will have completed the following core documents.

**Pre-incorporation**:

- Invention Disclosure Form on the EVOLVE IP management platform.
- Cranfield Confirmatory Assignment(s) (providing formal documentation that the IP belongs to the University, including Student Assignments), where appropriate
- Spin-out Proposal, as provided by the TTF
- Executed IP Licence Heads of Terms from the licensor (Cranfield) to the licensee (spin-out)
- Agreed Company Term Sheet
- Declaration of any Conflicts of Interest (see below)

**Spin-out Transaction Documents:**

- Articles of Association
- Shareholders' Agreement (with minority shareholder protections, where applicable)
- IP Licence (from the University to the spin-out)

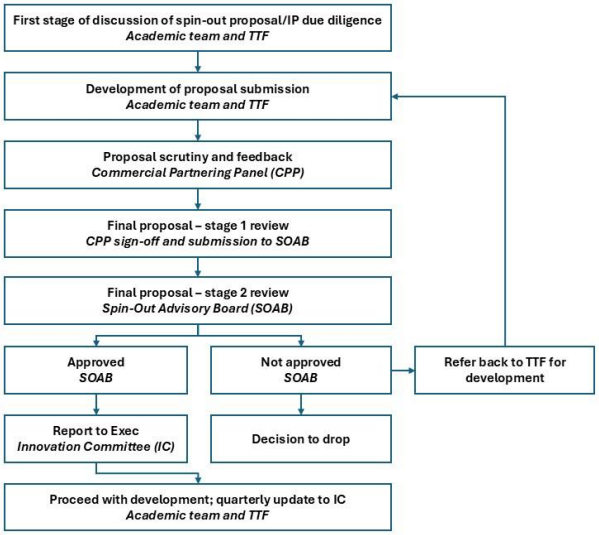
## 4 Outside Work and Conflicts of Interest Management

Academic founders may become involved in a spin-out in a variety of roles (including as Director, employee, consultant or advisor). In all cases individuals must seek line management approval under the Approval for Directorships, Consultancies, Outside Work & External Visiting Appointments Policy to undertake this work, and declare this annually via the Register of Interests.

There are many cases in which these dual roles (University employee and company role/shareholder) many lead to **conflicts of interest.** Please refer to the **Conflicts of Interest in Research and Innovation Policy**. Any potential conflict of interest:

- Must be disclosed and appropriate action taken
- Must be recorded on the Register of Interest
- Where a spin-out contracts with the University, this must be disclosed to the Pre-Award Costing, Pricing and Contracts Team, and the TTF

## 5 Schedule A – Spin-out Process




# Key Roles and Responsibilities

- It is the responsibility of staff to consult with the TTF and faculty members, as outlined in Section 2.1.
- It is the responsibility of the TTF to guide the staff member(s) through the invention disclosure discussion and subsequent spin-out process, if this is considered the most appropriate route.

- It is the responsibility of the CPP and SOAB to evaluate and approve or reject the spin-out proposal.

## Monitoring Compliance

The University's Innovation Committee will monitor and keep under review the content of this policy.

Disputes relating to the rules and regulations outlined in this Spin-out Policy should be raised in the first instance with the Director of AE.

The final arbiter for any dispute shall be Cranfield University's PVC E&R.

## Related documents

Conflicts of Interest in Research and Innovation Policy

Cranfield Confirmatory Assignment Form, available from the TTF

Cranfield Spin-out Proposal to SOAB, available from the TTF

Directorships, Consultancies, Outside Work & External Visiting Appointments Policy

Intellectual Property Policy

Invention Disclosure Form on the EVOLVE IP management platform.

Licensing Process and Royalty Distribution Policy

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**Commented [SM2]:** This will need to be linked to the latest version

## Further guidance

Please contact technologytransfer@cranfield.ac.uk

## Document control

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| **Policy version number** | Version 2 |
| **Policy owner** | Prof. Leon Terry, PVC Education and Research |
| **Policy Author(s)** | Sandra Messenger (Head of Knowledge Exchange) and Juliet Kauffmann (Innovation Manager) |
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## Document Review

| Version | Amendment | By | Date |
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| Version 2 | General updates | Sandra Messenger and Juliet Kauffmann | August 2026 |



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